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"UNIVERSITY EXTENSION."

DULUTH, MINNESOTA. SEASON OF 1891-92.

PRINCIPLES OF ECONOMICS.

PROFESSOR WILLIAM W. FOLWELL, LL. D.

INTRODUCTION.

SEC. 1. HISTORY.

Blanqui, at large,
Marshall, introduction,
Mill, "
Perry, "
Lalor, Cyc.,
Encyc. Brit., 8th and 9th Eds.

- a. Economics a modern science.
- b. The great schools.
 - (1) MERCANTILE, to 1750,
 - (2) PHYSIOCRATIC, 1750-'75,
 - (3) INDUSTRIAL, from 1776.
- c. Minor schools.
 - (1) NATIONALIST,
 - (2) SOCIALIST,
 - (3) HISTORICAL.

SEC. 2. BIBLIOGRAPHY.

- (1) HISTORIES OF POLITICAL ECONOMY.

Blanqui, Duehring, Ingram, &c.
For sketches, see Mill, Perry, Marshall, Encyc. Brit.
- (2) CYCLOPEDIAS.

Lalor, Cyc.,
Dictionnaire de Economique Politique.
Schoenberg's Handbuch der Politischen (Economie,
McCulloch's Commercial Dictionary.
- (3) GENERAL TREATISES.

Adam Smith,
Mill, T. S.,
Cairnes,
Marshall,
Walker,
Wayland,
Sismondi,
Cherbuliez,
Roscher.

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(4) SPECIAL TREATISES.

Malthus on Population.
Ricardo on Rent,
Cairnes on Method,
Jevons on Money,
Brentano on Gilds,
Lavaleye on Property,
Walker, F. A., on Wages,
Thornton on Wage Fund,
Tooke on Prices.

(5) SOCIETY PUBLICATIONS.

American Economic Association,
American Academy of Political and Social Science,
American Association for the Advancement of Science,
British Association for the Advancement of Science,
American Association for the Promotion of Social Science,
British Association for the Promotion of Social Science,
Cobden Club, &c.

(6) STATISTICS.

Mulhall, Dictionary of Statistics,
Journal of the Statistical Society (of England),
Statesman's Year Book,
American Almanac,
Reports of Boards of Trade,
Reports of Bureaus of Statistics,
U. S. Census Reports,
State Census Reports, &c.

(7) GOVERNMENT REPORTS.

U. S. Finance report,
State (including city and county) financial reports,
State and National Bureaus of Labor, &c.

(8) REVIEWS.

A. Economic:

Quarterly Journal of Economics,
Political Science Quarterly,
The Economist, &c.

B. Other Reviews:

North American,
Forum,
Century,
Fortnightly, &c.

(9) NEWSPAPERS.

The Nation.
Bradstreets.
The Independent,
The Christian Union,
The great dailies generally,
The Pioneer Press.

(10) CATALOGUES.

Congressional Library,
The American Catalogue,
Those of any large public or institutional libraries,
Booksellers', esp. Putnam's, Robert Clarke & Sons', &c.

(11) COSSA'S GUIDE.

Good working lists, in Blanqui, Mill, Perry, Ely's Introduction. &c.

SEC. 3. DEFINITIONS.

See Cossa,
Perry,
Marshall,
Schoenberg,
and any general treatises.

1. Political Economy is that branch of Sociology which treats of MAN as he obtains his subsistence and the satisfaction of his desires, by applying his faculties and powers to the materials and forces of NATURE; or, for shortness,
2. ECONOMICS IS THE SCIENCE OF INDUSTRY.

SEC. 4. POSTULATES.

1. A General Providence,
 2. Freedom,
 3. "The Principle of Parsimony,"
 4. Self-Interest,
5. Social Interest,
 6. The Institution of Property,
 7. Advancing Society.
 8. THE STATE.

SEC. 5. MAIN ANALYSIS.

See Cossa. Chap. 2.

- (1) Primary division into,
 - A. Private (or social).
 - B. Public (or national).

The latter division is not treated in this Course.

- (2) Further subdivision of Private Economics.

See any of the Treatises.

Part I, Book 1. CONSUMPTION,

Book 2. PRODUCTION,

Part II, Book 3. DISTRIBUTION,

Book 4. EXCHANGE.

Remarks on the order of these topics.

SEC. 6. LOGICAL METHOD.

See Cairnes, Logical Method in Political Economy,
Mill's Logic, Vol. II.

SEC. 7. IMPORTANCE OF ECONOMICS.

due to—

- a. Increase of population,
- b. Increase of wealth,
- c. Elevation of the working people,
- d. Inequality of economic conditions,
- e. Economic conditions, fundamental, &c.

REFERENCE.

The following works will be referred to by the abbreviations in heavy-faced type:

- Blanqui, A. History of Political Economy, translated by Emily J. Leonard. N. Y., 1880. **BLANQUI.**
- Cairnes, J. E. Leading Principles of Political Economy. N. Y., 1874. **CAIRNES.**
- Cossa, L. Guide to the Study of Political Economy. London, 1880. **COSSA.**
- Cyclopedia of Political Science and . . . 3v. 8o. Chicago. **LALOR, CYC.**
- Marshall, A. Principles of Economics. London, 1891. **MARSHALL.**
- Mill, J. S. Principles of Political Economy. Edited by J. L. Laughlin. N. Y., 1884. **MILL.**
- Perry. Political Economy. 18th Edition. N. Y., 1887. **PERRY.**
- Roscher, Wm. Principles of Political Economy. 2v. 8. Translated by John J. Lalor. N. Y., 1880. **ROSCHER.**
- Smith, Adam. Wealth of Nations. McCulloch's edition. London. n. d. **ADAM SMITH.**

The following shorter treatises may be profitably read and examined along with this course:

- CHAPIN, Recast of Wayland.
 ELY's Introduction to Political Economy.
 GIDE, Principles of, &c.
 LAVALEYE, Elements of, &c.
 WALKER, F. A., Short Course in, &c.

The following topics for essays are given as appropriate to our Introduction:

- Biographical Sketches (with special reference to economic writings) of Adam Smith, Ricardo, Malthus, J. B. Say, J. S. Mill, Cairnes, Jevons, Sismondi, Quesnay, St. Simon, List, Carey, Karl Marx, La Salle, Fourier, Robert Owen, Colbert, Turgot.
 A critique of the doctrines of the Mercantile School,
 A critique of the doctrines of the Physiocratic School.
 An Exposition of Socialism, old and new,
 The position of the Historical School,
 Relations of Carey and List.
 A collection and comparison of the definitions of political economy,
 The selfish principle in economics.
 The institution of property,
 The proper order of treating the four great primary divisions of private economics.

2.

"UNIVERSITY EXTENSION."

DULUTH, MINNESOTA. SEASON OF 1891-92.

PRINCIPLES OF ECONOMICS.

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PART I, BOOK I, CONSUMPTION.

See Lalor, Cyc. Art. Consumption; Roscher, 2, 183; Marshall, Book III, p. 147; Walker, 297; Moffat, Economy of Consumption, Chap. I; Schoenberg, XII, 1, 505; Therbulez, Science Economique, Chap. X; Gide, 361. 76-288
C

CHAP I.—PHENOMENA OF CONSUMPTION.

SEC. 1. SUBJECTIVE VIEW—HUMAN WANT AND DESIRE.

a. Primary—Physical:

See Hutchinson's Physiology, p. 83 f.; Bowker, Economics, pp. 232-234; Roscher, 2, 202-227, n. 2; Buck, Public Health, 1, 194; Proceedings 3d Annual Report Convention of Chiefs of Bureaus of Labor, Boston, 1885; Article, Statistics of Consumption, by Edward Atkinson, p. 42, and Chemistry and Economy of Food, by W. O. Atwater, p. 85; Ely, p. 281; Dodd, Food of London, p. 147.

- (1) Air.
- (2) Food and drink.
- (3) Heat, by
Clothing and
Shelter.
- (4) Light.

b. Secondary—Spiritual:

- (5) Intellectual.
- (6) Aesthetic.
- (7) Religious.
- (8) Social.
- (9) Political.

See Bastiat, Harmonies of Political Economy, p. 72; George, H., Progress and Poverty, p. 119.

FUNDAMENTAL LAW OF ECONOMICS:

Human Wants are universal, continuous, progressive and cumulative.

SEC. 2. OBJECTIVE VIEW—HUMAN USE, &c.

- A. USE-CONSUMPTION—in satisfaction of wants, by common consent, reasonable and justifiable.

See Bowker, Economics, p. 229.
Roscher, 2, 184.
Ely, 281.

- B. LOSS-CONSUMPTION. See Roscher, 2, 189,—through

- (1) Destruction by Nature:

- a. Inanimate:

Ordinary, e. g., wind and weather; rain, snow and hail; rust of metallic, decay of animal, rotting of vegetable substances.

Extraordinary, e. g., earthquakes, volcanic eruptions, avalanches, and "tidal waves"; drouth followed by famine and pestilence, lightning, inundations, &c. &c. See Walford, Famines of the World, London, 1879.

- b. Animat:

1. Damages by animals.

Large, (not now great).

Small e. g. rabbits, rats and mice, fowl, &c.

Insects, e. g. locusts, Hessian fly, chinch bug, moths and beetles, caterpillar, &c. &c.

2. Damages by vegetables, e. g.

Rust, mildew, potatoe rot, phylloxera, blights, &c.

- (2) Disease and premature death of men and animals.

- (3) Miscalculation and misadventure.

- (4) Loss incidental to industry;

Seed grains, roots, &c., drainage and fertilizing, wear and tear, protection of crops, protection of animals, protection of produce, &c.

- C. WASTE-CONSUMPTION,—by

- (1) Ignorance and neglect, (2) Crime, (3) Intemperance, (4) Ill-advised strikes and lockouts, (5) Unjustifiable war, (6) Folly and luxury. As to "Luxurious Consumption," See Roscher 2, 221, Baudrillart, *Historie de Luxe*, Paris, 1880, Gide, 369, Lecky, *Hist. of Rationalism*, 2, 275.

SEC. 3. LAW OF CONSUMPTION.

Consumption tends to indefinite but not unlimited increase.

CHAP. II.—CONDITIONS OF CONSUMPTION.

SEC. 1. IN NATURE.

- a. Habitat and especially climate.

See Guizot *Hist. Civilization*, p. 87.

Montesquieu 1, 326.

Milton's *Paradise Lost*, Bk. x. 651.

SEC. 2. IN HUMAN NATURE.

- b. Stage of civilization; savage, barbarian, civilized; pastoral, cultivating, industrial.
- c. Religion; priesthood, temples, ritual, holidays, regulation of diet, dress, &c. *See* Montesquieu by *index*.
- d. Culture; Education, science, art (inc. music), literature (inc. drama).
- e. Custom, habit and fashion; hospitality. *See* Adam Smith, 323, 725, marriages and funerals, social celebrations, narcotics and stimulants, dwellings, dress; *see* Maine Pop. Gov't. 142, frugal and spendthrift nations; Roscher, 2, 217, standard of living.
- f. Government; kind of; efficiency in general; as to sumptuary laws, &c.
- g. Neighbor-peoples; friendly or hostile, agricultural or manufacturing, monopolizing products, &c.

CHAP. III.—LIMITS OF CONSUMPTION.

SEC. 1. IN NATURE, by

Area of land.

Elementary substances, as to number, and their supply.

SEC. 2. IN HUMAN NATURE, by

The number of consumers, i. e., by POPULATION.

On the "Population question."

See Malthus, Goodwin, Alison, Sadler, Garnier, Wallace, Thornton, Pomeroy, &c.

Schoenberg, XXIV, p. 1203, for elaborate discussion by Ruemelin.

Independent, June 9, 1890.

Encyc. Brit. 8th ed. article, Colony by J. S. Mill.

Westminster Rev., October 1890 and Jan., 1891.

Poole's index for periodical material generally.

- a. The MALTHUSIAN doctrine of population, stated and discussed.

See Malthus, 1, pp. 2-14.

George, H., Progress and Poverty, p. 81.

Arnold, Matthew, Culture and Anarchy, p. 204, Gide, 320.

- b. The "Principle of Population" restated.

1. Population TENDS to outrun subsistence.

2. Opposing tendencies.

(a) Temporary, mostly increasing food supply—Colonization and emigration, war, disease and famine, improved agriculture, discovery of new food plants, new processes of preserving food, improved transportation, improved distribution, improved land policy, &c.

(b) Permanent, checking, fecundity—Physiological effects of civilization. Psychological effects of civilization.

See Spencer, H., Biology, 2, 478 f.

Walker, 310.

ADDENDA.

1. Various meanings of the word consumption.
 2. Close relations of consumption and production.
 3. Consumption fundamental in economics.
 4. Personal applications.
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ADDITIONAL REFERENCES.

- Ely. Introduction to Political Economy. N. Y., 1889. **ELY.**
Gide. Elements of Political Economy. Boston, 1891. **GIDE.**
Malthus, T. R. The Principal of Population. London, 1776-1834. **MALTHUS.**
Montesquieu. Spirit of the Laws. London, 1773. **MONTESQUIEU.**
Walker F. A. Political Economy. N. Y., 1884. **WALKER.**
-

TOPICS FOR ESSAYS.

1. How great cities are fed.
2. The great plague of 1348.
3. The Irish famine of 1848.
4. The cost of intoxicants and their use in Duluth.
5. Is the luxury of the rich a blessing to the poor?
6. Climate as a determinant in civilization.
7. How a laborer's family of five persons live in Duluth.
8. The evolution of the house.
9. Cost of bad cookery in U. S.
10. The negro population question in U. S.

"UNIVERSITY EXTENSION."

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PRINCIPLES OF ECONOMICS.

PROFESSOR WILLIAM W. FOLWELL, LL. D.

PART I., BOOK I, PRODUCTION.

For general treatment, *see* any of the treatises referred to. *See* also Lalor, Cyc., Art. "Production of Wealth," and Schoenberg V, p. 161 f.

DEFINITION: Production is the appropriation and adaptation of the materials and forces of nature to the satisfaction of human wants and desires.

CHAP. I.—PHENOMENA OF PRODUCTION.

SEC. 1. AGENTS OF PRODUCTION.

For view here presented, *see* Adam Smith 266, Gide 125, Mill 53.

For view commonly taken, which includes capital as a third *agent*, *see* Marshall, 191; Walker, 42 (§. 42); Roscher, 1, 119 and 163.

The Agents of Production are:

1. NATURE, contributing,—
Matter, *i. e.*, **LAND**, and
Force, in all forms.
See Encyc. Brit., 9th ed. by index.
2. MAN, contributing **LABOR**.

"Labor is man's action upon nature to supply his wants."

—LAVALEYE.

SEC. 2. RESULTS OF PRODUCTION.

N. B.—Negative results may be neglected.

I. Satisfaction of wants through SERVICES, (immaterial product.)

II. Satisfaction of want through WEALTH or "economic goods,"
(material produce.)

A. Proximate satisfaction through goods ready for and devoted to consumption.

B. Ultimate satisfaction through goods adapted to and reserved for further productive processes.

∴ "CAPITAL", separating into—

(1) Goods to be operated on, called RAW MATERIALS.

(2) Goods to operate with, called INSTRUMENTS, which include: Tools, implements and vehicles, machines, chemical re-agents, animals, LANDS, money, &c.

DEFINITIONS:

Service, labor performed for another.

Wealth, the sum of material produce.

Capital, wealth reserved for further production.

Discussions upon Labor, Wealth, Capital and Service form large parts of all treatises on Economics. For novel and striking views reference may be made to the following:

Clark, J. B. *Philosophy of Wealth*. Boston, 1886.

Bastiat. *Pol. Econ.*, p. 347. Chicago, 1869.

Perry, 48, 66, 69, 81, 86, 137.

Marshall, p. 135. Historical note.

Polit. Sci. Quar., Mar. 1891, p. 126. Review of Marshall, by J. B. Clark.

Karl Marx, *On Capital*, early chapters.

The subject of capital is much discussed in connection with that of interest.

SEC. 3. REMARKS ON LABOR, WEALTH AND CAPITAL.

1. "Productive labor" a tautology; explain historically.
2. Labor in the last analysis. motion and thought.
3. Not all matter is or can be wealth; only that which is produce.
4. Definition of economics as the "science of wealth." too narrow.
5. Capital is some fraction of wealth and is alternatively analyzed as active or dormant, individual or social, fixed or circulating, autonomous or loanable.
6. Strength, skill, intelligence, honesty, &c., not capital.
7. Surplus subsistence only, capital.
8. Money, but a part of capital.
9. Credit, not capital.
10. Capital, not "stored-up labor."
11. Capital, not an "agent" in production. Capitalists are co-producers and increase their efficiency by employing materials and instruments.
12. Capital, segregated from wealth by abstinence, invention and enterprise.
13. Private ownership of capital, not essential to its effective employment.
14. Lands, properly classed as capital.

SEC. 4. FORMS OF PRODUCTION.

A. Primary grouping,

Group I. Discovery and collection, e. g., fishing, hunting, &c.

Group II. "The industries"—agriculture, manufactures, commerce.

Group III. The professions, e. g. — divinity, medicine, law, education, art.

B. Further differentiation.

1. Separation of "industries" into SPECIALTIES, e. g., agriculture into grain, stock and fruit farming; manufactures into textile, metal and chemical, &c.; commerce, into wholesaling, carrying, retailing, &c.
2. Further separation of specialties into EMPLOYMENTS, e. g., in woolen manufactures, dyeing, carding, spinning, weaving, &c.
3. Further separation of employments into PROCESSES. This, commonly called "the division of labor,"—on which,

See Adam Smith 19, Mill 104, Marshall 310, Plato, Republic, Bohn's trans. ed. 149, Gide 158, and any of the treatises.

SEC. 5. AMOUNTS OF PRODUCTION.

Topic merely suggested. The quantitative study of economics, only began. Consult: Statistics a developing science.

Consult:

Mulhall, Dict. of Statistics.
McCulluch's Commercial Dictionary.
Reports of U. S. and State censuses.
Reports Bureaus of Labor.

End of Chap. I.

TOPICS FOR ESSAYS.

1. Examine the statement, "The requisites of production, are land, labor and capital."
2. Examine Bastiat's doctrine of SERVICES.
3. Criticize the definition, "Economics is the science of wealth."
4. Examine J. B. Clark's definition of capital.
5. Explain the phrase, "Productive, consumption."
6. What kind of capital is coin?
7. Examine the statement, "Capital produces no value."
8. The separation of law and medicine from divinity
9. Is teaching yet a profession?
- 10 The wheat crop of 1891; a study in statistics.

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PART I., BOOK I, PRODUCTION.

CHAP. II.—CONDITIONS OF PRODUCTION.

See Mill, Chap. VI, pp. 99 f.
Marshall, Book IV, pp. 187 f.
Roscher, Chaps. II-VI, Book I.
Walker, pp. 44 f.
Newcomb, Chap. VI, Book II, pp. 93 f.
Gide, Book II, Parts I and II, pp. 96 f.
Schoenberg, I, 163.

N. B.—All conditions of consumption are also, more or less remotely, conditions of production.

SEC 1. CONDITIONS IN NATURE.

1. Physiographical; geographical location, elevation, surface, &c., of habitat; navigable waters, harbors, &c.
2. Geological; the soil, as to depth, general fertility and adaptation to particular crops; mines and deposits, solid, liquid and gaseous.
3. Zoological: chiefly as suitable to use and support of domestic animals.
4. Botanical: general “flora” of habitat; special adaptation to particular plants, as wheat, cotton, the olive, the grasses, &c.

SEC. 2. CONDITIONS IN HUMAN NATURE.

A. NATURAL AND SPONTANEOUS:

1. Individual capability and character of producers:

- (a) of laborers: physical, intellectual, moral.

See Mill, 100; Marshall, 245; Roscher, I, 145, § 40; Schoenberg, I, 166; Thompson, R. E., Pol. Econ., Chap. XIII.

- (b) of capitalists, as to parsimony, enterprise, integrity, &c.
Not specially discussed by the writers.

See Bagehot, Lombard Street, early sections; Marshall, 371.

2. Social status of producers:

- (a) of laborers: slavery, serfdom, wage system, exclusion from "society," &c.

- (b) of capitalists: modern "society" tending to be based on wealth, social disadvantages of trading classes in older countries, of Jews, &c.

3. Massing of producers:

- (a) Mere union of numbers, as in ancient times;

- (b) Modern "large production":

- (1) Economizing materials,
- (2) Saving by-products,
- (3) Employing MACHINES,
- (4) Reaching wide market, &c.

See Mill, 108; Marshall, Chaps. VIII-XI; Roscher, I, 206; Gide, 150.

4. Differentiation of production.

Already suggested under Forms of Production.

Here remark upon—

- (1) "The Division of Labor":
 - a. Advantages.
 - b. Disadvantages.
 - c. Limitations.

See works and passages referred to at end of Sec. 4, Chap. 1 of this Book, Forms of Production.

See also, Wayland, Chaps. VI and VII.

" " Walker, A., Science of Wealth, Book II, Chaps. II-V.

- (2) Separation of "labor" and "capital."

See Gide, p. 473 f.

Roger's, Six Centuries of Work and Wages, 1 f.

Marshall, Chap. XII, §§ 1-6.

Marx, capital, 2, 774.

- (3) "Division of capital."

(a) Employers, (b) Non-employers.

5. Economic customs.


A. IN AGRICULTURE:

1. As to settlement; village system, manor or plantation system, co-operative systems.
2. Land tenure, allodial possession, tenancies and leaseholds.
3. Size of holdings; small farming vs. bonanza farming.
4. Cultivation by owners, rent-payers, share-takers, &c.

See Lecky, Hist. Rationalism, 2, 323 and 335.
First Ann. Rept. U. S. Comr. of Labor, p. 445.
Kent, Comm., 4, 441, n. 384.
Sismondi, Hist. Ital. Republics, 2, 333. □
Encyc. Brit., end of art. "Agriculture." ***
Arthur Young, Travels in France, 1, 403-416.
Nineteenth Century, 19, 226.

B. IN MANUFACTURES.

- e. g. Domestic manufacture, little shop plan, "the factory system," interchangeable mechanism, speculative production, truck system, &c.

See Consular Report No. 58 (Nov., 1885) for account of the household manufactures of Russia. 
Monograph of Col. C. D. Wright on the Factory System, in vol. 2, Rept. of 10th Census.
Fortn. Rev., 10, 426.

B. IN COMMERCE.

- e. g. The market, the exchange and the fair; banking and bills of exchange; the credit system, the commission merchant, the commercial traveler, "through" travel and traffic, the express company, department stores, &c., &c.

B. Artificial and invented (conditions).

1. Economic culture:

- A. Old plan of apprenticeship. B. New plan of industrial schools, business colleges, expositions, &c.

2. Economic associations:

- Crafts and guilds, partnership and corporations, syndicates and trusts, trades unions, co-operation production, profit-sharing.

3. Economic legislation:

- Fixing wages, rent and interest; regulating immigration, regulating land policy, regulating commerce and industry, stimulating invention, developing resources, diffusing information, &c.

CHAP. III.—LIMITS OF PRODUCTION.

See Moffat, 270; Mill, Chap. X, p. 144.

SEC. 1. IN NATURE.

See Syllabus 2, under Limits of Consumption.

By "**Diminishing returns.**"

See Mill, 130 f.; Marshall, 200-212; Perry, 286.

SEC. 2. IN HUMAN NATURE.

See Syllabus 2, under Limits of Consumption.

a. Numbers; *b.* State of the arts; *c.* State of knowledge; *d.* Indolence.

Remark: "Overproduction," better named "disproportionate production." *See* Ely.

Remark:

1. In Part I, partnership of man and nature.
2. Self-assortment of producers.
3. Immediate effect of new machines and processes. Lavaleye's suggestion.
4. Personal applications.

TOPICS FOR ESSAYS.

1. The factory system.
2. Interchangeable mechanism.
3. Industrial schools.
4. Geological surveys.
5. Bonanza farming.
6. Crafts and guilds.
7. The credit system.
8. The co-operative coopers of Minneapolis.
9. Building and loan associations.
10. The commercial traveler.
11. The express company.
12. The "big four."
13. Industrial expositions.

“UNIVERSITY EXTENSION.”

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PRINCIPLES OF ECONOMICS.

PROFESSOR WILLIAM W. FOLWELL, LL. D.

PART II, BOOK III, *Distribution*
~~PRODUCTION.~~

CHAP. I.—LEADING PHENOMENA.

SEC. 1. “THE DISTRIBUTION QUESTION.”

- (1) Statement: **How ought the produce of industry to be divided?**
- (2) Analysis: (a) the dividend, (b) the divisor.
- (3) Postulates: (a) individual right, (b) social right.
- (4) Evolution:

See Marshall, Chap. II, Book V.

Cossa, 14 and 22.

Ely, 213; Gide, 398.

Clark, J. B., *Philosophy of Wealth*, 61 and 107.

Walker, 196.

Lalor, Cyc. Art. “Distribution.”

SEC. 2. IDEAL PLANS.

- (a) according to work, (b) needs, (c) sacrifices.

See Cairnes, Chap. V, p. 263.

Blanc, L., *Revolution de 1848*, 1, 139.

Gide, 418.

SEC. 3. EXPERIMENTS (ACTUAL OR PROPOSED).

- a*, Ancient; *b*, Early Christian; *c*, Monasticism; *d*, Crafts and Gilds; *e*, Communism; *f*, State Socialism; *g*, Co-operation; *h*, Profit-sharing.

See Acts of the Apostles, 4, 34-37,
Woosley, Communism and Socialism,
Ely, French and German Socialism,
Noyes, American Socialisms.
Nordhoff, American Communistic Societies of the U. S.,
Graham, Socialism, old and new.
Holyoake, History of Co-operation,
Gilman, Profit Sharing,
Baring-Gould, Germany, Past and Present,
Schoenberg, 1, 89,
Rae, Contemporary Socialism.

SEC. 4. HISTORIC SOLUTION.

A. The institution of property.

See Mill Chap. I, Book II, pp. 154-174, text, and footnotes for references.

Lavaleye, Primitive Property,
Lalor, Cyc. art. Property,
Gide, 430,
Fawcett, Manual, 115.

B. Competition.

(1) Advantages:

- a*, It works of itself; *b*, as an economic principle; *c*, everywhere; *d*, it is favorable to industry and frugality; *e*, it is favorable to character; *f*, it is favorable to liberty; *g*, it is not inherently unjust; *h*, it does not exclude other plans, so far as they may be practicable.

See Mill, 175; Roscher, 1, 293; Ely, 83; Gide, 64; Cairnes, 272; Thornton on Labour, 96; Clark, J. B., p. 64; Moffat, 105; Lalor, Cyc. Art. Competition; Marshall, 5-8; Walker on Wages, Chap. X; Clark, J. B., Modern Distributive Process.

(2) Objections.

- a*, Permits inequality; *b*, extortion.

(3) Restrictions and mitigations; (A), through reservations and contributions for

- a*. Government purposes, proper,
b. General welfare; education, postoffice, &c.,
c. Religion and charity,
d. Support of non-producers.

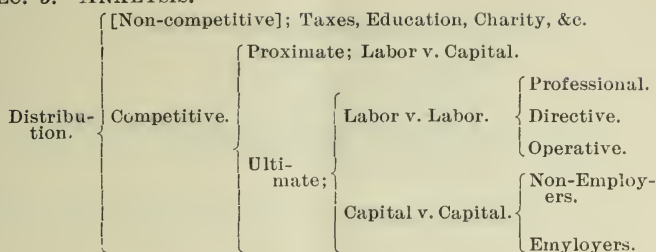
(B), through associated effort

to limit or annul:

- (*a*) communism, (*b*) co-operation, (*c*) trades-unions, (*d*) trusts, (*e*) &c.

See Ely, Chaps. III-VII, Part IV, p. 228 f.
Clark, J. B., Philosophy of Wealth, Chaps. VIII-XII.
Gide, 68.

SEC. 5. ANALYSIS.



SEC. 6. PROXIMATE DISTRIBUTION.

1. Effected by competition between the two great bodies of co-producers, **LABORERS** and **CAPITALISTS**.

See Walker, on Money, Chaps. XII and XIII.
Moffat, 391.

2. Such proximate competition, subject to such **MODIFIERS** as:

- a. The historic situation.

See Rogers, Six Centuries of Work and Wages, Chap. XIX.
Marshall, Book I. especially Chap. III.

- b. Immobility of "labor."

See Adam Smith, 120 f.
Walker, on Wages, Chap. XI.

- c. Immediate necessities of "labor."

See Marshall, p. 600 f.

- d. "Standard of living."

See Walker, 313 f.; Lavaleye, Pol. Econ., p. 152; Marshall, p. 738; Gunton, Social Economics, p. 80 f.; Ely, 221 f.

- e. Relative numbers of the two classes; (another phase of the population question).

See Mill, 190.

- f. "Good times" and "bad times."

- g. Government: by all legislative and administrative acts, discriminating in favor of or against either class, e. g., land systems, forest and mining policy, taxing systems, monetary systems, "statutes of laborers," poor-laws, eight-hour day, truck systems, factory laws, &c., &c.

See Mill, Book V.

Marshall, Book VI, Chap. X.

Fawcett, Manual, Book IV, Chap. IV.

Fawcett, Essays, II, IV, V.

Walker, on Wages, 302 f.

Rogers, Six Centuries, Chap. XV.

Sidgwick, Principles, Book III, Chap. III.

h. Organizations (distributive,) of "labor."

See Cairnes, Part II, Chap. IV.
Walker, on Wages, Chap. XIX.
Mill, Book VI, Chap. V.
Marshall, Book IV, Chap. VIII.
Gunton, Soc. Economics, Part IV, Chap. VII.
Ely, Part IV, Chaps. III and IV.
Clark, J. B., Chap. VIII.
Wayland, p. 175.

i. Organizations (distributive,) of "capital."

See Marshall, Book IV, Chaps. XI and XII.
Gunton Part IV, Chap. VI.
Ely, Part IV, Chap. IV, p. 235.
Walker, on Wages, p. 251.
Fawcett, Manual, Book II, Chap. X.
Clark, J. B., Chap. X, p. 174.

j. Also, of sufficient importance to be mentioned as

SEC. 7, ECONOMIC STRATIFICATION.

See Clark, J. B., Philosophy of Wealth, p. 126, where this phenomenon is treated in an original manner.

TOPICS FOR ESSAYS.

1. Relations of economics to ethics.
2. The good in socialism.
3. Crafts and guilds.
4. "Looking backward," review of.
5. Co-operation, if any, in Duluth.
6. The Rochdale Pioneers.
7. Private property in land.
8. Benefit features of trades-unions.
10. What has been done with the pine lands of Minnesota?

“UNIVERSITY EXTENSION.”

DULUTH, MINNESOTA. SEASON OF 1891-92.

PRINCIPLES OF ECONOMICS.

PROFESSOR WILLIAM W. FOLWELL, LL. D.

PART II, BOOK III, DISTRIBUTION.

CHAP. II.—WAGES.

SEC. 1. GENERAL DOCTRINE.

See Art. Wages, Lalor, Cyc. by Gen. F. A. Walker.
Mill, Book IV., Chap. V.
Gide, 489 f.

- | | |
|---------------|--|
| (1) Synopsis, | { Professional, ∴ Fees, Salaries, &c. |
| Wage-earners, | { Directive, ∴ Wages of Superintendence. |
| | { Operative, ∴ “WAGES”, of { Artisans.
Common Laborers. |

See Walker, Wages Question, Chap. I.

WAGES are the wage-earners' share of distributed produce.

- (2) Real wages v. nominal wages.

See Walker, Wages Question, Chap. II, p. 12.
Adam Smith, 886, McCulloch's note.
Mill, 184, Laughlin's *insert*.
Marshall, 582.
Lavaleye, 141.
Ricardo, Works, 52, 83.
Walker, A., Science of Wealth, p. 279.
Gide, 504.

- (3) "Necessary Wages." "The Iron Law."

See Ricardo, Works, Chap. V.

Mill, 185.

Ely, 224, whole chapter.

Lavaleye, 143.

Walker, Wages Question, Chap. VII, 109.

Gide, 494.

- (4) Wages a share of produce, and not a mere subtracted portion of capital.

See Walker, Wages Question, Chap. VIII, 128.

Marshall, 564, 566.

Clark, Philos. of Wealth, 130.

Gide, 499.

- (5) Competition the determining force in fixing wages.

See Walker, Wages Question, Chap. X, 155.

Bagehot, Economic Studies, 207.

Roscher, 2, 39 f.

Mill, 177 f.

Gide, 492.

SEC. 2. CONDITIONS AFFECTING COMPETITION IN FIXING WAGES.

GROUP I.—Conditions relating to employments:

- a. **Nature:** as being "skilled" or not, constant or remittent, essential or dispensable, old or new, dangerous or harmless, healthful or unhealthful, cleanly or uncleanly, easy to learn or not, menial or not, public or private, solitary or social, hand-work or machine-work, day-work or night-work, by-work or full occupation, imposing responsibility, &c., &c.

- b. **Location:** as home or foreign, near or remote, rural or urban, &c.

- c. **Number.**

See Adam Smith, 91.

Mill, Chap. IV of Book II, p. 205 f.

Marshall, 586.

Fawcett, 161.

Sidgwick, 332.

Roscher, § 169.

Wayland, 182.

GROUP II.—Conditions related to payment:

- a. **Time:** uncertain, as at convenience of employer or demand of employe; certain, as at end of season, or at stated monthly or weekly periods.

- b. **Manner:** in kind, truck, or cash.

See same references as end of Group I; also, Walker, Wages Question, p. 324 f. the Truck System, and Marshall, 584.

GROUP III.—Conditions related to laborers themselves.

- a. **Efficiency in production.** See Syllabus 4 *ante*, p. 2, for references.
- b. **Sex.** See Walker, Wages Question, 372.
Mill, 213.
Wayland, 190.
Fourth Annual Rept. U. S. Com'r of Labor, 1888, esp. pp. 70-73.
- c. **Social distribution**, causing scarcity of workmen in some places and excess in others.
- d. **Numbers:** (a phase of the 'population question.')
Digression on "The Wage-fund Theory."
See Lalor, Cyc., article "Wage-fund."
Walker, Wages Question, Chap. IX, 138.
Mill, 178 f. 7.
Marshall, 572, note.
Cairnes, 159.
Adam Smith, 880, McCulloch's note.
Gide, 501.

GROUP IV.—Conditions imposed by organizations.

- A. **Of working-men:** fixing scale of wages demanded; limiting hours of labor; forbidding work out of hours; forbidding piece-work; limiting number of apprentices; excluding competition outside of certain districts; strikes and boycotts, &c.
- 13. **Of employers:** agreements as to scale of wages, concerted suspension of employments, lockouts, &c.
See Walker, Wages Question, Chap. XIX, 385.
Cairnes, Part II, Chaps. III and IV.
Ely, p. 228, Chap. III.
Roscher, 2, 84.
Sidgwick, 348-365.
Second Ann. Rept. U. S. Comr. of Labor, 1886.
Third Ann. Rept. U. S. Comr. of Labor, 1887.
Gide, 509.

GROUP V.—Conditions imposed by legislation:

- a. Encouraging or restricting migration,
- b. Fixing the hours of labor,
- c. Defining employers' liabilities,
- d. Authorizing Mechanics' liens,
- e. "Protecting" home labor by tariffs,
- f. Regulating "convict" labor,
- g. Establishing factory regulations; as to sanitary provisions, safety appliances, reports of accidents, &c., &c.
See Walker, Wages Question, p. 356-362.
Marshall, 739 f.
Lalor, Cyc. art. "Factory Laws."
Sixth Ann. Rept. N. Y. Bureau of Labor.
Reports of Mass. Bureau of Labor, at large.
Gide, 512.

GROUP VI.—Conditions imposed by Custom:

Especially as to Fees, salaries, holidays, &c., &c.

See Mill, 175 f. esp. 215.

Wayland, 171.

Roscher, § 175, 2, 82 n. 1.

Sidgwick, 391-398.

SEC. 3. HOW REAL WAGES MAY BE INCREASED.

- (1) By individual improvement of the working people; *a*, abandoning vices; *b*, cultivating frugality and other virtues; *c*, respectful self-assertion; *d*, becoming themselves capitalists.

See Cairnes, 287 f.

Walker, Wages Question, Chap. XVIII, p. 346-356.

- (2) By social means: *a*, the churches; *b*, the press; *c*, public opinion.

See Walker, Wages Question, 362-367.

Ely, 656.

- (3) By voluntary organizations and institutions;
a, Profit-sharing; *b*, consumers' co-operation; *c*, producers' co-operation; *d*, saving's banks, &c.

See Gilman, Profit-Sharing.

Mill, Bk. IV, Chap. V, re-written by editor.

Cairnes, 280-291.

Gide, 386-389; 519-523.

Ely, 63 f.

- (4) By legislation: *a*, public education, including industrial schools; *b*, insurance of workmen's lives and health; and other measures named above.

See Gide 512-519.

Walker, Wages Question, 168-173; 413-415.

TOPICS FOR ESSAYS.

-
1. Wages in U. S. in 1865 and 1885.
 2. History of the Wage Fund Theory,
 3. The menial status of domestic servants,
 4. Should the state pay high or low salaries?
 5. The truck system and its effects,
 6. Public employment-bureaus,
 7. Effect of women's work on the wage market,
 8. Ought piece-work to be proscribed?
 9. Probable effects of an 8 hour day on wages.
 10. Convict labor, what to do about it?

"UNIVERSITY EXTENSION."

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PRINCIPLES OF ECONOMICS.

PROFESSOR WILLIAM W. FOLWELL, LL. D.

PART II, BOOK III, DISTRIBUTION.

CHAP. III.—INTEREST.

SEC. 1. GENERAL DOCTRINE.

See Lalor, Cye, Art. "Interest," by Leon Faucher; Schoenberg, 1. 482; Marshall, Book VI. Chap. VI; Roscher, Book II, Chap. IV; Gide, 535, and any text-books on Political Economy.

(1) Synopsis and definition:

Ultimate Competition.	"Labor" v. "Labor,"		∴	WAGES.
	"Capital" v. "Capital,"	{	Non-employers,	{ INTEREST.
			* * *	* * *

Interest is the share of distributed produce obtained by non-employing capitalists for use of loanable capital.

Remark: The chief and representative item is MONEY. In this short course no separate treatment is made of other forms of loanable capital, as animals, vehicles and implements, machines, &c.

- (2) Risk element in interest.

See Marshall, p. 622; Walker, 236; Ely, 217.

- (3) Theories of interest:

For a full account and criticism of the various theories, *see* Boehm-Bawerk, *Kapital und Kapitalzins*. Innsbruck, 1884, vol. II.

The most important theories, each presenting two or more phases, are:

- (a) The abstinence theory.
- (b) The productivity theory,
- (c) The fructification theory,
- (d) The labor theory.
- (e) The time theory.

- (4) Competition, the main force in fixing interest.

See Marshall, 621; Roscher, 2, 105; Fawcett, 456; Wayland, 224; Mill, 440 f.

SEC. 2. CONDITIONS AFFECTING COMPETITION IN FIXING INTEREST.

- (1) Wealth:—*a*, amount of; *b*, proportion devoted to production, i. e., capital; *c*, relative amounts of fixed and circulating capital; *d*, relative amounts of autonomous and loanable capital.

See Roscher, 2, 102.

- (2) The people:—*a*, moral character; *b*, saving habit; *c*, the investing habit; *d*, habit of prompt payment; *e*, sentiment in regard to usury.

See Walker, A., *Science of Wealth*, p. 323; Wayland, 219; Roscher, 2, 128.

- (3) State of industry and trade, especially of agriculture—good and bad times—effect of war.

- (4) Investment:—*a*, time; *b*, convenience as to collection and transfer; *c*, supposed safety. *See* Wayland, p. 221.

- (5) Government:—*a*, protecting property rights and enforcing the obligations of contracts; *b*, regulating currency; *c*, usury laws.

See Roscher, 2, 136-144; Perry, 370; Walker, 336-46; Wayland, 240; Walker, A., 320.

CHAP. IV.—RENT.

SEC. 1. GENERAL DOCTRINE.

- (1) Synopsis and definition:

Ultimate Competition,	{	“Labor” v. “Labor,”	∴	WAGES.	
	{	“Capital”	v.	Non-employers,	{
	{	“Capital,”	}	* * *	}
					{
					INTEREST.
					{
					RENT.
					}
					* * *

Rent is the share of distributed produce obtained by non-employing capitalists for use of lands and other real property in production.

Remark: The great item is AGRICULTURAL LANDS. In this short course no separate treatment can be attempted of building sites, buildings and fixtures, mines, fisheries, water powers, &c.

- (2) Lands, held to be capital ∴ Rent assimilates to interest.

See Perry, 283, 288; Marshall, 671.

- (3) Competition, the main force in determining rent.

SEC. 2. CONDITIONS AFFECTING COMPETITION IN FIXING RENT.

- (1) Location and exposure;
- (2) Tenure: *See Gide, 529.*
- (3) Improvements;
- (4) Sentiment;
- (5) Custom; *See Walker, 219.*
- (6) Security of landed investment;
- (7) Land laws, including taxation;
- (8) Differentiation of industry;
- (9) State of agricultural science and art;
- (10) Physical properties;
- (11) Chemical properties;
- (12) Fixed area.

The foregoing syllabus of rent being a considerable departure from the traditional treatment, few citations are offered. *See article “Rent,” in Labor, Cyc., by H. Passy.*

SEC. 3. THE RICARDIAN DOCTRINE OF "ECONOMIC RENT."

See Ricardo Works, Chap. II; Mill, Book II, Chap. VI, p. 232-244; Marshall, Chap. IX, § 5, p. 668; Roscher, 2, 14 f.; Walker, F. A. Land and its Rent, Boston, 1883; George, Progress and Poverty, 148-154; Gide, 455; Ely, 215; Schoenberg, I, 441; Edin, Rev. 54, 91. In general, any text book on Political Economy.

- (1) Definition;
- (2) Postulates;
- (3) Consequences;
- (4) Criticism;
- (5) Conclusion.

See Lalor Cyc., art. Rent; Perry, 299; Gide, 457; Sidgwick, 295-300; Patten, Premises of Political Economy, Phila. 1885, 21-45.

Remarks: The principle of economic rent has been applied by Gen. Walker to profit, and others have suggested its application to wages, too slight, if any advantage.

Economic rent should not be confounded with the "unearned increment" of land value, due to expanding population and wealth on inexpandible territory.

TOPICS FOR ESSAYS.

1. When is money capital?
2. The abstinence theory of interest.
3. The time theory of interest.
4. The money market.
5. Western usury laws.
6. Are we tending towards tenant-farming?
7. Effect of machinery on rents.
8. The old homestead.
9. Carey's criticism of Ricardo.
10. Biography of David Ricardo.

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PRINCIPLES OF ECONOMICS.

PROFESSOR WILLIAM W. FOLWELL, LL. D.

PART II, BOOK III, DISTRIBUTION.

CHAP. V.—PROFIT.

SEC. I. GENERAL DOCTRINE.

See Lalor, Cyc. Art. "Profits," by Arthur T. Hadley.
 Mill, Book II, Chap. V, 216 f.
 Marshall, Book IV, Chap. XII and Book VI, Chaps.
 VII and VIII, 634 f.
 Wayland, Chap. XVII.
 Ely, 217.
 Lavaleye, Book III, Chap. VII.
 Gide, Book IV, Part II, Chap. II, 477.
 Schoenberg, 494 f.
 Roscher, Book III, Chap. V.
 Gunton, Principles, 258.
 Cherbuliez, I, 456, f.
 George, Progress and Poverty, 140-170.

(1) Synopsis and definition:

Ultimate Competition.	{	"Labor" v. "Labor," . . .	WAGES.		
		{	Non-employers,	{	INTEREST,
					RENT,
		"Capital," v. "Capital," {	"Managers" . . .	PROFIT.	

Profit is the unascertained share of distributed produce obtained by the managing capitalist for his investment of capital, services, risk and responsibility.

- (2) Elements: *a.* Casual; wages, interest, rent and wages of superintendence. *b.* Essential; the unascertained residue of produce.
- (3) Rationale:
Production, uncertain as to amount and quality of result; demand, fluctuating; all are ignorant of the economic future; "Labor" and non-employing "Capital" accept ASCERTAINED shares of produce; managing or "undertaking" capitalists, assuming responsibility and risks of industry and business, obtain the UNASCERTAINED residue, (with casual admixtures as noted above).
- (4) The "ENTREPRENEUR" theory: *a.* statement; *b.* discussion.
See Walker, 244.
Walker, A. Science of Wealth, 311.
Ely, 170.
Gide, 477, f.
Marshall, 351.
Bowker, Economics, 177.
Courcelle-Seneuil, 1, 28.
- (5) Competition, the main force in determining profit.

SEC. 2. CONDITIONS AFFECTING COMPETITION IN FIXING PROFIT.

- (1) Stage of industrial evolution: *a.* differentiation of production; *b.* use of machinery; *c.* large production, etc.
See Marshall, 29-370.
- (2) Transportation and monetary facilities.
See Walker, A. 3, 6.
Bagehot, Lombard Street, 7, f.
Lalor Cyc., Art. "Transportation" by A. T. Hadley;
also, Art. "Exchange."
- (3) Employments: *a.* number; *b.* nature (especially as to riskiness and the possibility of concealing processes); *c.* scale.
See Adam Smith, 101.
- (4) Personal qualities of undertaking capitalists.
See Rogers, Six Centuries, 544.
Marshall, 355-358.
- (5) Organizations for production.
a. Partnership; *b.* corporations; *c.* "combines"; *d.* government works; *e.* Co-operation.
See Marshall, 35, § 363.
Walker, 77-8, 257-9, 369-63.
Sidgwick, 442-450.
Lalor. Cyc. Art. "Corporations."

(6) Speculation:

A, legitimate, as—*a*, production in advance of ascertained demand; *b*, use of credit; B, illegitimate, mere gambling in produce.

See Lalor, *Cyc. Art.* "Speculation," by A. T. Hadley; also, art. "Credit," Fawcett, 421-429.

(7) Commercial crises:

See Lalor, *Cyc.*, art. "Commercial Crises," by Horace White, Lavaleye, 223-231.

First Ann. Rept. U. S. Com. of Labor, 1886, Chap. II.

(8) Economic intelligence of people.

SEC. 4. PROFIT SHARING.

(*a*) Statement; (*b*) discussion.

See Gilman, on Profit Sharing.

Gide, 520, 524.

Ely, 235-6; also current periodicals.

PART II, Book III.—DISTRIBUTION.

CHAP. V. RELATIONS BETWEEN THE SHARES AND SHARERS
IN DISTRIBUTION.

SEC. 1. IS THERE A HARMONY OF INTEREST?

See Marshall, 704-716.

Roscher, 163-167.

SEC. 2. WHAT IS THE GENERAL TENDENCY AS TO RISE AND
FALL OF WAGES, INTEREST, RENT AND PROFIT
RESPECTIVELY?

See Mill, Book IV., Chaps. II. and III.

Gide, 503-6, and 539-542.

Sidgwick, 292-294.

Fawcett, 406-480.

Cairnes, 216.

SEC. 3. DO WAGES AND "PROFITS" VARY INVERSELY?

See Mill, 226.

Gide, 486.

Lavaleye, 170.

Gunton, 276.

Fawcett, 141.

Cairnes, 235.

SEC. 4. DO WAGES AND INTEREST "RISE AND FALL
TOGETHER?"

See George, *Progress and Poverty*, 17, 153, 170.

SEC. 5. DO WAGES (AND INTEREST?) FALL AS RENT RISES?

See George, p. 190-201.

Patten, Premises of Political Economy, Chap. IV.
Mill, 469.

SEC. 6. DOES THE THEORY OF "ECONOMIC RENTS" APPLY TO PROFITS?

See Walker, 247-259.

Marshall, 451-457.

PERSONAL APPLICATIONS:

1. Live and let live;
 2. Pay wages promptly;
 3. Distinguish the risks of business from gambling;
 4. Pay just taxes willingly;
 5. Contribute cheerfully but wisely to social purposes.
-

TOPICS FOR ESSAYS.

1. The nimble sixpence.
2. Large production and the rate of profit.
3. The trading passion.
4. The Standard Oil Company.
5. Senator Washburn's "Option bill."
6. The Board of Trade.
7. The truth in the Entrepreneur theory.
8. Profit-sharing in Minnesota.
9. City improvements on city account.
10. "No-rent profit."

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DULUTH, MINNESOTA. SEASON OF 1891-92.

PRINCIPLES OF ECONOMICS.

PROFESSOR WILLIAM W. FOLWELL, LL. D.

PART II, BOOK IV, EXCHANGE.

CHAP. I.—LEADING PHENOMENA AND PRINCIPLES.

Exchange is here treated as the complement of distribution. Distribution determines the shares, exchange actually and physically apportion them. Both distribution and exchange are, in a fine analysis, but continuations of production, by which the proximate results of production are brought to the doors of consumers.

SEC. 1. FORMS:

A, barter, sale for money, sale on credit; B, home trade, inland trade, foreign trade.

See Walker, A., *Science of Wealth*, 86; Ely, 50; Perry, 413; Lavaleye, 180; Gide, 182.

SEC. 2. AMOUNTS:

See any available statistics. Note relative amounts of home, inland and foreign traffic.

See Gide, 169.

SEC. 3. ADVANTAGES:

To exchanging parties; to society; to the world.

See Lavaleye, 183; Gide, 172; Wayland, 270-7; Price, 63.

SEC. 4. THE MARKET:

See Maine, Village Communities, 192; Marshall, Book V, Chap. I, 383; Bagehot, Econ. Studies, 104; Walker, 103; Lavaleye, 188; Jevons, Theory, etc., 84; Rogers, Six Centuries, 138; Bagehot, Lombard Street, Chap. 1; Rogers, Six Centuries, 111.

NOTE the importance of weights and measures to exchange. *See* Schoenberg, 1, 425.

SEC. 5. "DEMAND AND SUPPLY":

See Ely, 179-81; Walker, 92-99; Wayland, 265; Cairnes, 22-41; Perry, 158; Mill, 254; Clark, 91; Macleod, Econ. Philos., 1, 647; Schoenberg, 224.

From the COMPETITION of demanders and suppliers, first, within the classes, and second, between the classes, emerges—

SEC. 6. VALUE:

- (1) **Definition:** Value is the ASCERTAINED RATIO of products, services, and interests therein, in exchange.

See Cairnes, 11 f.; and for other definitions and views, Mill, Book III, 249; Sidgwick, Book II, Chap. II, 180 f.; Perry, Chap. III, p. 117; Walker, 81; Ely, 177; Fawcett, Book III, Chap. I, 305; Wayland, 264; Bostiat, Harmonies of Pol. Econ., Chap. V; Bonamy Price, Practical Pol. Econ., Lond. 1882, Chap. II, p. 33; Bowen, Am. Pol. Econ., 26; Glde, Book I, Chap. II, 44 f.; Jevons, Theory of Pol. Econ., 91 f.; Denslow, Econ. Philos., Chap. III, 79 f.; Schoenberg, 1, 125 f.; Courcelle-Seneuil, 1, 252; Cherbuliez, 1, 202; Clark, Philos. of Wealth, 70; Lalor, Cyc. art. Value, by H. Passy.

N. B.—Distinguish value from valuation or estimation.

- (2) **CONDITIONS AFFECTING COMPETITION IN FIXING VALUE.**

a. **Intensity of demand:** as aroused by the idea of utility real or supposed; by fashion; by "advertising."

See Cairnes, 14-16; Mill, 252; Perry, 143; Walker, 85; Ely, 177; Wayland, 266-7; Price, 52; Gunton, 91; Roscher, 1, 311; Jevons, 51.

- b. Range of supply:* as by nature practically unlimited, expandable by labor, or practically limited; as actually appearing in the market ("visible supply"), or known or believed to be available; as affected by artificial scarcity, of which **MONOPOLY** is the extreme case.

See Mill, 252, 254, 259, 261; Walker, 107; Fawcett, 310; Wayland, 269; Price, 77, 92; Roscher, 1, 315; Jevons, 156; Marshall, 512-545.

- c. Cost of production:*

See Cairnes, Part I, Chap. III; Marshall, 398-409; Mill, 264-275 also, p. 285; Perry, Chap. VIII, p. 300; Ely, 181; Wayland, 266; Lavaleye, 186; Roscher, 1, 315-332.

- d. Marketable qualities:*

See Cairnes, 141-5; Marshall, 444; Walker, 110, 113; Wayland, 266.

- e. Sentiment:*

See Lev, 25, 14; Lavaleye, 187; Ely, 188; Walker, 116; Maine, Village Communities, 195; Sidgwick, 397, 580.

- f. Custom:*

See Cairnes, 113; Mill, 176; Walker, 111, 115; Price, 94; Maine, Village Communities, 190, 223.

- g. Government interference:*

See Perry, 581; Roscher, 1, 333; Walker, 112; Rogers, Six Centuries, 140, 228.

SEC. 7. MEASURE OF VALUE:

- (1) Is it labor?

For the affirmative, *see* Adam Smith, 38-51 and 817-28; Mill (?), 265; Bowen, Am. Pol. Econ., 27-31; Ricardo, Price, 2; Marx, Capital, 1, 5; but *see* p. 66.

For the negative, *see* Walker, 89-92; MacLeod, 1, 304-17, 331; Bastiat, Harmonies, &c., 144-151; Price, 56-60; Perry, 153; Sidgwick, 62-3; Bagehot, Econ. Studies, 119; Denslow, 84; Jevons, Theory, 157; Scudder, Labor-Value Fallacy, Chicago, 1884; Rae, Contemporary Socialism, 1476.

- (2) Is there any measure?

See Roscher, 1, 342; Price, 60, 56; Walker, A., 138; Lavaleye, 190; Wayland, 264; Perry, 153-7; Sidgwick, 56-65, and 65-69; Clark, J. B., Philos. of Wealth, 74.

SEC. 8. PRICE:

The money equivalent of the market unit of products and services. Price is involved in the discussion of value, and some writers use the two terms as if virtual synonyms.

See Cairnes, Part I, Chap. V, 97-115; Fawcett, 305; Ely, 179; Lavaleye, 184; Walker, 85, 135; Price, 372; Roscher, Book II, Chap. II, 303; Walker, A., 189-99; Patten, art. "Stability of Prices," in Vol. 4, Pubs. Am. Econ. Assn.; Lalor, Cyc. art. "Prices," by W. C. Ford; Clark, 75.

Tooke and Newmarch, History of Prices, 6v. 8o., is the authority in English. See also, Roscher, Book II, Chap. IV, 381; also, Mulhall, History of Prices, since 1850.

TOPICS FOR ESSAYS.

1. The foreign and inland trade of the United States compared.
2. Commerce as a civilizer.
3. The mediaeval fair.
4. The Suez canal.
5. "A thing is worth what it will fetch."
6. Land monopoly and land value.
7. Possible effect of statistics on values.
8. "Gregory King's law."
9. Discuss and explain the phrases, natural value or natural price; market value or market price; normal value or normal price.
10. Value is "the quantity of human labor, measured by time, which on the average is requisite, by the implements generally used, to produce a given commodity."—GRONLUND. Criticize this definition.

NOTE.—Attention is called to the essay:

What makes the Rate of Wages? by Mr. Edward Atkinson, in his book, Distribution of Products; Putnam's, 1890.

"UNIVERSITY EXTENSION."

DULUTH, MINNESOTA. SEASON OF 1891-92.

PRINCIPLES OF ECONOMICS.

PROFESSOR WILLIAM W. FOLWELL, LL. D.

PART II, Book IV. EXCHANGE.

CHAPTER II.—INSTRUMENTS OF EXCHANGE.

SEC. 1. MONEY—that is to say, *metallic* money.

Money can be treated here only in its universal aspects. Governments have so much to do with money, that local and temporary details are properly and conveniently assigned to the course on PUBLIC ECONOMY. For example, the government establishes the "money of account," the denominations of coins, their weight and fineness, and their respective legal tender quality. The governments also select the metal, or metals, for the principal, subsidiary and minor coins, and monopolizes their manufacture. The government may also regulate or determine the *volume* of money. See Proceedings, International Monetary Conference, Paris, 1878,* p. 741, note of S. Dana Horton, on "The Position of Law in the Doctrine of Money," and *per contra*, Perry, 345.

*See same Pub., p. 737, for a Bibliography of money.

(1) Historical:

- a. Prototypes; shells, skins, cloth, leather, cattle, slaves, &c., &c.
- b. The money metals; their natural occurrence, physical properties, primitive use.
- c. Coinage, early traditions, later developments.
- d. Supply of the precious metals.

See Del Mar's History of the Precious Metals, London, 1880, and History of Money, ———; Jacob's Historical Inquiry, . . . Phila., 1832; Walker, on Money, Part I; Colwell, Ways and Means of Payment, Chaps. II-IV; Leake, Eng. Money, London, 1793; Seyd, on Bullion and . . . London, 1868, Part I; Jevons, on Money and . . . London, 1876, Chaps. IV-VII; Roscher, 1, 351-362; Adam Smith, 33 f.; Macleod, Principles, . . . 1, 362-368; Denslow, 333-342; Schoenberg, 1, 239-243; Fawcett, Book III, Chap. V; Perry, 325-8, 334-349; Gide, 186; Wayland, 289-93; Lalor, Cyc. arts. Money, Gold, Silver and Coinage; Sumner, History of Am. Currency, 3-13.

(2) Functions:

- a. Intermediary embodiment of wealth.
- b. Universal instrument of purchase.
- c. Basis of contract and deferred payment.
- d. Means of final payment and absolute liquidation.
- e. "Standard of values."

See Walker, on Money, Chap. I; Roscher, I, 340-6; Ricardo, Works, 397-404; Mill, Book III, Chap. VI, 286; Bowen, 237-241; Perry, 314-325, 328-334; Price, 360-367; Lavaleye, 189; Wayland, 284; Gide, 190; Schoenberg, 237; Jevons, Money, Chap. III; Chevalier, . . . Value of Gold, . . . 34-37; Colwell, 121-123.

NOTE.—"Standard of values," a convenient but inexact expression. See Jevons, on Money, Chap. 25, for "tabular standard of value."

(3) Value of money:

See Mill, Book III, Chaps. V and VI; Walker, Money, 244-253; Roscher, I, 363-366, 374-389; Wayland, 285; Adam Smith, 337; Price, 373; Fawcett, 348; Perry, 316, 331, 336; Sidgwick, Book II, Chap. V; Ricardo, 226; Fawcett, W. L., Hand-book of Finance, 134 f.

(4) Amount of money needed:

See Adam Smith, 236; Roscher, I, 366-373; Walker, Money, 48-9, 57-63, 73-4, 81-4, 94-8; Colwell, 118; Jevons, Money, Chap. 26, 335; Walker, Money, Trade and Industry, Chaps. IV and V, and Walker, on Money, 57-75.

(5) Money and prices:

See references under "Price," in syllabus 9, *ante*; also, Walker, Money, 229; Colwell, Chap. 19; Jevons, Investigations, 119-150; Fawcett, W. L., Hand-book, 130 f., 265-7; Roscher, I, 385; Walker, Money, 57-73. For a Bibliography of Money and Prices, see Jevons, Investigations, 303-414.

(6) Advantages of money:

- a. Saves time.
- b. Saves wealth.
- c. Promotes just exchanges.
- d. Promotes peace by liquidation.
- e. Renders travel, commerce and missions possible.
- f. Foundation of credits, &c., &c.

See Walker, on Money, 14-19, 79-84, 20, 220; Roscher, I, 347.

(7) Disadvantages:

- a. Expense of coinage, and wear of coins.
- b. Difficulty of storing and transporting large sums.
- c. Supply precarious, and demand fluctuating.
- d. Loss of interest.
- e. Difficulties growing out of the use of two metals for principal coinage. Note, "Gresham's Law."

See Jevons, Money, 200; Walker, Money, Trade and Industry, Chap. IV; a general reference only can be made to the extensive literature of "Bimetallism," but see Walker, on Money, and art. "Money," in Lalor, Cyc.

SEC. 2. PAPER MONEY.

Printed promises to pay **MONEY**, issued by or authorized by governments.

(1) HISTORICAL:

See Walker, on Money, Part II, Chaps. 15 and 16, and Part III, Chaps. 19-21; Sumner, Hist. of Am. Currency; Colwell, Ways and Means of Payment, Chaps. 13, 14-17; Fawcett, W. L., Hand-book of Finance, 27-52; Lalor, Cyc. art. Paper Money; Jevons, Money, 196; Perry, Chap. 10, p. 377; Bowen, Chap. XV.

(2) OCCASIONS OF ISSUE:

- a. In great natural crises, to effect forced loans.
- b. When supply of metallic money is deemed insufficient.
- c. In "boom periods" under speculation impulse.

See last references.

(3) Synopsis—

A. PAPER MONEY, fully secured:

1. *In coin*; e. g.,
"Bank money" of Amsterdam, &c.,
U. S. gold and silver certificates, { "Convertible."
2. *In coin and "securities"*; e. g.,
Bank of England notes, {
3. *In securities or property*;
U. S. National Bank notes,
French assignats—(early issues), { Redeemable.

B. Partly secured, in coin; e. g., U. S. Bank notes, 1791-1811, &c., European Gov't. bank notes, Old State Bank notes, "Greenbacks," since 1879,

C. Unsecured; e. g.,

The "Continental currency,"
"Greybacks,"
"Greenbacks," up to 1879.
See Jevons, Money, Chap. 18.

Wholly or partially inconvertible.

(4) Advantages and dangers of paper money of different kinds.

See Walker, Money, 290, 377, 517; Roscher, 1. 459; Wayland, 348-353; Lavaleye, 219-23; Price, Chap. XIII; Bowen, 242-7; Sidgwick, 295-8; Jevons, Money, 214, 230-7; Mann, C. A., Paper Money, the Root of Evil, N. Y., 1872, esp. Chaps. 8-14; Jevons, Investigations, 297-302; Walker, A., Science of Wealth, 168-228; Gide, 214-234; Walker, Money, Trade and Chaps. VIII and IX.

SEC. 3. MONEY—PAPER.

(1) Of Credit in general;

See Mill, Book III, Chaps. VIII and IX; Walker, money, 65-8; Colwell, Chap. VII; Jones, money, Chap. XVI; Roscher, Book I, Chap. V; Wayland, Chap. XXI; Gide, Book II, Chap. VII; Fawcett, Chaps. X and XI; Schoenberg, 285-319; Lalor Cyc., Art. "Credit."

(2) Synopsis:

A. PRIVATE (including corporate) CREDITS.

I. Evidences of debt, e. g.,

Book accounts.
Promissory notes, and bonds.
Certificates of deposit,
Certificates of stock.
Drafts and Bills of Exchange, &c , &c.

II. Evidences of ownership, e. g.,

Bills of Sale,
Warehouse receipts.
Bills of lading, &c., &c

III. Evidences of "right," e. g ,

Checks,
Due bills and orders,
Railway tickets.
Postage Stamps, &c., &c.

B. PUBLIC CREDITS, e. g.,

The bonds of National State and Local governments.

C. Private, supported by Public, e. g.,

Union Pacific R. R. bonds, interest guaranteed by U. S.
See last references.

PART II, BOOK IV, EXCHANGE.

CHAP. III.—MECHANISM OF EXCHANGE.

- (1) The whole personnel and apparatus of "trade and transportation" may here be included, although further treatment is unnecessary. *See* Wayland, 275; Schoenberg, 269, 432.

(2) BANKS AND BANKING:

- a. **History;** *See* Encyc. Brit., Art. "Banking;" Lalor Cyc., Art. "Banking (in the United States)," by Hon. John Jay Knox; Colwell, several chapters.

b. **Functions:**

- a. Discounting; b. receiving deposits; c. dealing in coin, bullion and exchange; d. loaning; e. issuing notes.

See Rev. Stat. U. S. 1878, § 5136, ¶ 7; Lalor Cyc., Art. Banks. Functions of; Walker, Money, Trade and . . . Chap. X.

c. **Theory and Practice;** A. Single Banks;

See Dunbar. Theory and Practice of Banking, N. Y. 1891; Bolles, Practical Banking; Schoenberg. 319-369; Lalor Cyc., Art. "Banks"; Walker, Money, Chap. XIX; Jevons, Money, Chaps. XX-XXII.

B. **Affiliated banks:**

- a, Collections; b, Transmission of funds; c, Clearings.

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